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News Release

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Two Harbors man pleads guilty to failing to pay employment taxes

A 46-year-old Two Harbors man has pleaded guilty to failing to pay \$367,640.52 in employment taxes to the Internal Revenue Service ("IRS"). Appearing before United States District Court Chief Judge Michael J. Davis in Minneapolis earlier today, Mark Allan Fitzgerald pleaded guilty to one count of willful failure to pay taxes. Fitzgerald was charged on November 6, 2009.

In his plea agreement, Fitzgerald, co-owner of Alliance Services, Inc., admitted failing to report and pay over his employees' federal employment tax withholdings to the IRS. He did, however, withhold those taxes from employees wages and issue employees W-2 forms that reflected the withheld amounts. Instead of turning over the withholdings to the IRS, Fitzgerald used the \$254,316.39 to pay company expenses. In entering his plea, Fitzgerald also admitted failing to pay the IRS the employer's share of employment taxes, which resulted in an additional tax loss for the IRS in the amount of \$113,324.13.

Alliance Services performs landscaping, snow-plowing, handyman, and home remodeling services. Fitzgerald, who owned the business with his wife from 2002 to 2006, was solely responsible for its bookkeeping, payroll, and tax filings. Fitzgerald knew he had a duty to collect, account for, and pay the employment taxes.

Fitzgerald faces a potential maximum penalty of five years in prison for his crime. Judge Davis will determine his sentence at a future date. This case is the result of an investigation by the IRS-Criminal Investigation Division. It is being prosecuted by Assistant U.S. Attorney Tracy L. Perzel.